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NATURAL RESOURCES

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Director

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS, AND MINING
1588 West North Temple
Salt Lake City, Utah 84116
(801) 533-5771

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December 31, 1980

Mr. Melvin Swanson, President
Kelmine Corporation
P. O. Box 272
Naturita, Colorado 80216

RE: Oljeto Mine
Sec. 36, T. 43 S.,
R. 14 E.
ACT/037/029

Dear Mr. Swanson:

It has come to the Division's attention that a mine is operating on the above-noted section. It is the Division's understanding that Kelmine holds the lease on this State section and has posted a bond for reclamation. The Division has an approved plan for this mine although we have not received a 30 day notification that mining would commence. The mine is, therefore, in violation of the regulations under the Mined Land Reclamation Act.

Along with notice of mining, the Division also requires proper notice of change in any leasehold arrangement with the Division of State Lands. Please clarify the leasehold company, the mining company and the operating company for this mine. We await your rapid response on these matters.

If you have questions, contact Mary Ann Wright of my staff.

Sincerely,

JAMES W. SMITH, JR.
COORDINATOR OF MINED
LAND DEVELOPMENT

JWS/MAW/btm